



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

November 27, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AB109 POLICY RECOMMENDATIONS ON RESERVE FUNDING, AUDITS, AND PROGRAM EVALUATIONS (ITEM NO. 94-B, AGENDA OF OCTOBER 8, 2013)

On October 8, 2013, the Board of Supervisors requested a report on the Public Safety Realignment Act (AB109) policy recommendations for unspent funds at the end of future fiscal years, audits of expenditures and programs, and options for the ongoing evaluation of programs and services delivered by County departments and community-based organizations.

Since the implementation of AB109 in October 2011, the County has been in "start-up" mode with the focus on developing a funding allocation that supports additional custody capacity and new supervision and treatment/support services. It is only recently that AB109 custody and supervision populations have stabilized and, as directed by the Board, we can begin evaluating the fiscal and operational effectiveness of the AB109 programs. The following report recommends an AB109 Reserve Policy and provides the status of the fiscal audit and evaluation of AB109 programs.

AB109 Reserve Policy

The Auditor-Controller (A-C) has established trust accounts specifically for the remittance of AB109 funds from the State. Although AB109 funds are allocated to County departments, these funds remain in the trust accounts and are not distributed to the departments until the Chief Executive Office (CEO) and A-C approve claims for reimbursement for AB109 related costs. This AB109 claims process will continue to remain in place as a fiscal control.

"To Enrich Lives Through Effective And Caring Service"

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Our office recommends the County establish and maintain an AB109 Reserve with a minimum funding level equivalent to 3 percent of the current fiscal year's AB109 budget. The Reserve will be funded primarily by unclaimed AB109 allocations remaining in the trust accounts at the end of each fiscal year. Current fiscal year revenue would be applied toward the Reserve only if prior fiscal year savings were insufficient to maintain the minimum 3 percent funding requirement; otherwise, current fiscal year revenue would be fully utilized for AB109 programs and services.

Board approval would be required to use Reserve funds:

- During the fiscal year, a County department would submit a funding proposal to the CEO that justifies the need to supplement funding for an existing program or initiate a new pilot. The proposal would include program objectives, implementation timeframes and logistics, and measureable outcome(s) that demonstrate the program's value in promoting public safety. The CEO would recommend use of Reserve funds during a regular budget phase or through a mid-year Budget Adjustment.
- At the end of the fiscal year, a County department with total claims exceeding its AB109 budget allocation could submit a request to the CEO for reimbursement. The reimbursement could come either from the unclaimed fund allocations of other departments and/or Reserve funds. The CEO's analysis would ensure the minimum 3 percent Reserve requirement would be maintained for the following fiscal year. The CEO would recommend reimbursing a County department with unclaimed fund allocations and/or Reserve funds during the Supplemental Budget phase.

Departments would treat Reserve funds as one-time funds, so they would not be used to support new positions. In addition, the CEO could recommend the Board use the Reserve to fund multi-department and longitudinal evaluation studies of AB109, as discussed under the Program Audit section.

Unless directed otherwise, the CEO will proceed to implement this AB109 Reserve Policy.

AB109 Fiscal Audit Schedule

The A-C's Audit Division (Audit) is working with County departments to develop a fiscal audit schedule. Audit has initiated a preliminary review consisting of meetings with each department to obtain background information and documents related to AB109

programs and claims. The scope of the fiscal audits will be to 1) validate funds are being utilized for AB109 programs and populations, and 2) ensure adequate fiscal controls and checks are in place. Contractors and sub-contractors will be required to participate in the audit. The preliminary review will be completed by mid-January 2014. Based on the information collected, Audit will then consult with the CEO and the Board offices to develop a schedule for the actual audits.

During this fiscal year, the A-C received an initial ongoing allocation of AB109 funds to begin fiscal audits. Depending on the scope and audit schedule developed, the A-C may require an increased allocation of ongoing AB109 funding in subsequent years.

Program Evaluation Studies

To ensure an independent and objective evaluation of the County's AB109 programs, the Countywide Criminal Justice Coordinating Committee (CCJCC), in consultation with the CEO, has initiated a Request for Statement of Qualifications (RFSQ) for criminal justice research and evaluation services. The RFSQ will establish a Master Agreement list of vendors to provide consultant services encompassing:

- Evaluation of criminal justice and rehabilitative treatment programs to determine their efficacy in promoting public safety and reducing recidivism;
- Statistical analysis of crime and offender populations;
- Analysis, validation, and norming of criminal justice assessment tools; and
- Research and development of programs, policies, and practices.

The Master Agreement will be made available to all County departments and partner agencies to evaluate both AB109 programs and other criminal justice related programs. CCJCC will be releasing the RFSQ with the goal of presenting a Master Agreement for Board approval by February 2014.

Once the Master Agreement list is approved, the CEO and CCJCC will work with County departments to develop the Scope of Work for AB109 evaluation projects with expert consultants. The department(s) and expert consultants will be required to establish a reporting schedule to provide the Board with status updates of the AB109 evaluation project and the final report. We anticipate some evaluation projects will be short-term that begin and end within a fiscal year while others will be longitudinal studies evaluating the effect AB109 has on department operations, custody/supervision populations, the justice system, and the community over several years.

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County departments will be required to set aside funds within their AB109 allocation to support short-term department specific evaluation projects. In addition, CCJCC has set aside funds within its AB109 budget allocation for the evaluation of AB109 as a whole. The CEO will also consider proposals to use the AB109 Reserve to fund multi-department and longitudinal evaluation studies. Reserve funds could be reallocated to a new "program evaluation" line-item within the overall AB109 budget.

Should you have any questions, please have your staff contact Georgia Mattera, Public Safety Cluster, at (213) 893-2374.

WTF:GAM:SW
DT:llm

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller